

The Importance of Maintaining Trademark Anti-Dilution Protection

Xinyu Zhu^{1,a,*}

¹Shanghai University of political science and Law, Shanghai, 201701, China

a. 3056147118@qq.com

*corresponding author

Abstract: Trademark anti-dilution protection is a legal measure aimed at protecting the rights and interests of trademarks and guaranteeing fair competition in the market, but whether it should be canceled has been controversial. The development of the theory of anti-dilution protection of well-known trademarks is a relatively popular research topic, while the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) have provisions on anti-dilution of trademarks. Therefore, through the research method of literature review and theoretical analysis, this paper will discuss trademark anti-dilution protection in terms of its definition, implementation effect, and problems. In addition, the importance of trademark anti-dilution protection is elaborated from the perspectives of consumer protection, brand value, and innovation incentives, and the viewpoint of maintaining the existence of trademark anti-dilution protection is confirmed and put forward.

Keywords: anti-dilution protection, Trademark, existing problems, effects

1. Introduction

A trademark is an important tool for enterprises to establish a brand image and distinguish the source of goods and services in market competition. In order to protect the rights and interests of trademarks, many countries have adopted different legal measures. Trademark law and trademark anti-dilution protection are part of them. However, with the development of society and the trend of economic globalization, people have questioned whether anti-dilution protection of trademarks is still necessary, and some advocate the abolition of the system, arguing that it is not necessary or will have negative impacts.

One of the main reasons for conflicts in intellectual property law is due to limitations on public access [1]. And unlike copyrights and patents, trademarks do not provide limited monopoly rights to trademark owners [2]. Instead, trademarks are protected only when the owner uses the trademark as an indication of source in interstate commerce [3]. Thus, trademarks do not provide the same public benefits as copyrights and patents [4]. In addition, overprotection of the federal trademark system may threaten the public's use of words, symbols, or names. Indeed, some authorities have questioned whether trademark law creates "barriers to entry" to desirable market segments [5]. At the same time, courts and scholars have expressed further concerns about trademark dilution protection since trademark dilution laws do not protect consumer interests, unlike trademark infringement [6-7].

Anti-dilution protection refers to the legal means to prevent others from using trademarks or trade names that are similar or identical to the registered trademarks in order to avoid confusion and misleading consumers. "Anti-dilution" laws protect the value of a trademark from being "diminished" or weakened by unauthorized use by the trademark owner, even if there is no likelihood of confusion from the unauthorized use.

Many states have had anti-dilution laws in place for some time, modeled largely on the provisions of the 1964 Model State Trademark Law. A proposal for a federal trademark dilution law had been on the table for several years and was eventually passed as the Federal Trademark Dilution Act of 1995. Its core principle is to maintain an orderly marketplace and ensure that consumers are able to properly identify and select the goods or services they purchase. Trademark anti-dilution protection serves to protect trademark rights and interests to a certain extent. By prohibiting others from using similar trademarks or trade names, it can reduce confusion and misleadingness for consumers and maintain fairness in market competition. In addition, trademark anti-dilution protection can also promote innovation and branding, and encourage enterprises to increase investment in research, development, and marketing.

Apart from the Paris Convention and the TRIPS Agreement, which are two international treaties that contain provisions on anti-dilution of trademarks, many other treaties have also made corresponding provisions in this regard [8]. For example, Article 3 of the Model Provisions on the Law Against Unfair Competition promulgated by the World Intellectual Property Organization stipulates the meaning of dilution and makes specific provisions on the dilution of goodwill and reputation in respect of commercial signs, appearance, representation, and identification. In addition, the meaning and scope of protection for well-known trademarks can also be referred to in the joint recommendations of the World Intellectual Property Organization (WIPO).

2. The problems of trademark anti-dilution protection

Firstly, the phenomenon of trademark rights abuse occurs from time to time, and some enterprises abuse trademark anti-dilution protection to fight competitors and restrict market competition. Secondly, the problem of similarity is difficult to define, and different countries and regions have different standards for the determination of similarity, which leads to more difficulties in law enforcement. In addition, due to the phenomenon of cross-border transactions and brand expansion brought about by economic globalization, the uniform implementation of trademark anti-dilution protection on an international scale also faces many challenges. At this time, some people advocate abolishing the trademark anti-dilution protection system. They believe that in the context of the information age, consumers have more diversified channels to obtain information and are able to accurately identify and select goods or services. Meanwhile, abolishing the trademark anti-dilution protection system can promote market competition and encourage enterprises to engage in innovation and brand building. Most importantly, according to the Trademark Dilution Law, only well-known trademarks are protected by trademark dilution. Factors in determining whether a trademark is well-known include the duration and use of the trademark, the duration and extent of trademark advertising, the geographic area in which the trademark is used, the degree of recognition of the trademark, the manner in which the product is distributed and sold, the use of the trademark by third parties, and whether the trademark is federally registered. Famous trademarks include "Kodak" and "Pepsi."

In the case of well-known trademarks, greater protection can benefit not only the owner of the well-known trademark, but also other trademark owners. Because the object of anti-dilution law is the behavior of "free-riding", and in a sense, the phenomenon of "free-riding" is also a mechanism of interests. In the intellectual property rights of private property and the relationship between public interest, the well-known trademark dilution behavior, only need to be strictly identified, can

effectively prevent its abuse. Because according to the current domestic and international research results on the theory of dilution as well as judicial practice, as long as the trademark owner arbitrarily files a dilution lawsuit within the validity period of the registered trademark, it can constitute an abuse of the anti-dilution law. Trademark owners can file a dilution lawsuit according to their own wishes. This includes legitimate use, non-commercial use, and various media reports and comments. In practice, if the defendant is able to provide evidence that the product it is using meets all three of these special circumstances, then the plaintiff will be denied any relief. Therefore, the trademark dilution exclusion clause can effectively prevent the proliferation of dilution lawsuits. Combined with the current stage of China's national conditions, it is appropriate to stipulate trademark dilution in the Trademark Law. Because, trademark dilution is the infringement of trademark right, and trademark, trademark right has a close connection. It is reasonable to stipulate in the Trademark Law. At present, separate legislation for trademark dilution is neither realistic nor optimistic. One is because the theoretical research level does not meet the requirements. Secondly, on the basis that trademark dilution has already occurred, waiting until the theoretical research is mature before enacting laws will go against the actual needs of the law. Therefore, it is unrealistic for countries like the United States to formulate special trademark anti-dilution laws.

If the Anti-Unfair Competition Law in the provisions of trademark dilution, also has its limitations. Because the legislative purpose of the Anti-Unfair Competition Law is to encourage and protect fair competition, to stop unfair competition, and to protect the legitimate rights and interests of operators and consumers, while the main purpose of the trademark anti-dilution legislation is to maintain the distinctiveness and recognition of well-known trademarks, and to safeguard the goodwill of enterprises, which is actually a kind of expansion of the protection of trademark rights.

3. The Importance of the Existence of Trademark Anti-dilution

In judicial practice, there are a large number of cases involving trademark dilution in China. The people's courts have accepted a large number of cases involving trademark dilution, and some of them have even been concluded.

Some trademark owners, especially well-known trademark owners, also began to pay more attention to their trademarks to prevent trademark dilution. Although there are few provisions in China's current legislation concerning anti-dilution protection of trademarks, the theory has begun to be practically applied in the administrative procedures of trademark registration and opposition. A typical example is that the State Trademark Office recently revoked the trademark of "Business Link" registered by an enterprise in the clothing industry on the application of Henderson Group, the owner of the right of "Business Link", because the reason is that "Business Link" has become a brand of clothing, which is to dilute the influence of "Business Link" in the industry of handwriting computers in the hall, and to weaken the distinctiveness of its brand. The reason for registering the trademark of Business Link on clothing is that Business Link will become a clothing brand, which will dilute the influence of "Business Link" in the handwriting computer industry and weaken the distinctiveness of its brand. At the same time, it will also make consumers mistakenly believe that the two companies have some kind of connection. This view has its merits, but more importantly, the essence of the intellectual property system is to encourage innovation and discourage imitation and plagiarism. The IPR system is by no means without its drawbacks. The U.S. federal supreme court on the scope of protection of trademark rights is mainly well-known trademark protection, outside of other trademarks whether in the use or in the publicity are not protected by trademark law. In China's judicial practice, the well-known trademarks also mostly cite the relevant provisions of the trademark law [9]. Although this can not be used as the only standard to determine whether the infringement constitutes "dilution" infringement, it should not be used as the "dilution" behavior constitutes "monopoly" of the only standard. The only standard.

3.1. Consumer Protection

Anti-dilution protection can help consumers accurately identify and select the goods or services they need. By prohibiting others from using similar trademarks or trade names, consumers can avoid confusion and misrepresentation and preserve their right to make shopping decisions. Removal of anti-dilution protection for trademarks may lead to the emergence of more similar or counterfeit brands in the market, increasing the risk of consumers being deceived.

3.2. Brand value

Trademarks are an important part of a company's brand value. Anti-dilution protection for trademarks can prevent others from abusing or weakening the goodwill and popularity of existing brands, and ensure fair opportunities for enterprises in market competition. Abolition of the protection system may lead to dilution and damage of brand value, which may adversely affect the long-term development of the enterprise.

3.3. Incentives for Innovation

Trademark anti-dilution protection provides positive incentives for enterprises to innovate and invest. By protecting existing trademarks from infringement, enterprises can more safely invest in R&D and marketing activities and reap the corresponding returns. Removing anti-dilution protection for trademarks may reduce incentives to innovate and negatively affect the competitiveness of the market as a whole.

3.4. Market order maintenance

Trademark anti-dilution protection helps maintain market order and fair competition. By prohibiting others from using similar trademarks or trade names, it prevents brands from being plagiarized, counterfeited or abused, and avoids market confusion and unfair competition. This is essential for maintaining a healthy business environment and protecting consumer rights.

4. Discussion

Under the modern developed market economy, the commercial value of trademarks has become more and more obvious, especially the well-known trademarks have become cross-field expansive, and the protection of the interests of cross-field well-known trademarks by the traditional trademark protection mode is beyond the reach of the traditional trademark protection mode. Trademark dilution is not only a kind of infringement of others' legitimate trademark rights and interests, but also a kind of unfair competition that destroys the order of market competition. Only by the traditional sense of the trademark legal system to its adjustment is obviously not enough, and must break through the traditional trademark infringement protection mode of limitation, from the "Trademark Law" and "Unfair Competition Law" combined to make up for the inadequacy of the traditional trademark legislation [10]. In this way, the Trademark Law as a basic law in the field of trademarks, trademark dilution is first of all the infringement of trademark rights, this behavior is closely related to trademarks, trademark rights will be stipulated in the Trademark Law is undoubtedly the most appropriate choice. The Anti-Unfair Competition Law is the basic law to maintain the order of market competition, which can balance the interests of consumers, operators and the market order, which can better protect the legitimate rights and interests of well-known trademark right holders by supplementing the provisions.

As a legal measure, trademark anti-dilution protection is one of the legal measures necessary for the establishment of sustainable operation and a healthy business environment. It protects trademark

rights and maintains market order to a certain extent, and also plays an important role in safeguarding consumers' rights and interests and promoting brand value and innovation. Despite some problems and challenges, this system should continue to be supported and improved to ensure fair competition in the market and promote economic development and consumer welfare. Congress recognized the major problems with FTDA and Moseley and appropriately addressed the most contentious issues. In addition, a clearly defined cause of action for blurring and tarnishment should ensure adequate protection for holders of well-known trademarks, especially those who can take advantage of the presumption of identical trademarks. Moreover, it is necessary to build a complete system of anti-dilution legislation based on China's national conditions at the same time, and at the same time, it is even more important to enrich the content of anti-dilution protection [11]. In the competition between domestic brands and international brands, the strength of domestic brands can not compete with international brands. Therefore, it is necessary to face up to the impact of the well-known trademark dilution of separate legislation on domestic brands, which not only weakens the strength of domestic brands, but also has a unfavorable effect on the development of the domestic economy. Therefore, the mode of separate legislation is not the most in line with China's national conditions, to build a complete anti-dilution legislative system. At the same time, the Trademark Law should also be an important means of well-known trademark protection, that is, anti-dilution protection into its content.

Last but not the least, to improve the awareness of enterprises and citizens of the legal protection of trademark anti-dilution, citizens' trademark awareness and law-abiding concept is the fundamental way to prevent trademark infringement. Professor McCarthy notes that the current anti-dilution law is bloated and has gone far beyond its original purpose and intent." 316 Courts must protect nominative and descriptive fair use, as well as parody and satire, from dilution liability [12]. Therefore, courts must strictly construe the Trademark Review Act to ensure that the law is properly applied to trademark owners. Relatives as rights holders should not disrespect and wantonly infringe on the well-known trademarks of others, and on the other hand, as trademark owners, they should also take care to take measures to prevent dilution while being cautious in licensing their trademarks.

5. Conclusion

Trademark anti-dilution protection, as a legal measure, is one of the legal measures necessary for the establishment of sustainable business and a healthy business environment. It can, to a certain extent, enhance brand value and innovation through the protection of trademark rights, while maintaining market order and consumer rights. Despite some problems and challenges, the system should continue to be supported and improved to ensure fair competition in the market. This article explores the importance of trademark anti-dilution protection in daily business activities with the theme of trademark anti-dilution protection, but only focuses on China and the United States for trademark anti-dilution laws, and does not cover other countries. In addition, the reference cases and literature are relatively few. In order to refine the proposal for the development of trademark anti-dilution law through the specific study and organization of relevant regulations and cases, and to provide assistance for the maintenance of social order and consumer rights and interests.

References

- [1] IJ.THOMAS McCARThy,McCARThY ON TRADEMARKS AND UNFAIR COMPETITION§ 6:31 n.15(4th ed.2007)[hereinafter McCARThY]("[Many courts will conduct a balancing test: balancing the public interest in free expression (First Amendment) against the public interest in avoiding consumer confusion (Lanham Act).").This Note refers to "trademarks" in the broadest sense, including service marks,collective marks, certification marks trade names, and trade dress. See 15 U.S.C.§§ 11251127(2000).

- [2] Trademark registration provides ten years of initial protection renewable indefinitely. 15 U.S.C. §1058(2000). In contrast copyright protection generally extends seventy years beyond the author's life, 17 U.S.C. §302(2000), and patent protection is limited to twenty years from the filing date, 35 U.S.C. §154(a)(2)(2000).
- [3] 15 U.S.C. §1051(a)(3)(C)(2000); HR. REP. NO. 109-23 at 25(2005) ("Trademark law does not involve typical intellectual property rights... [T]he primary policy rationale for traditional trademark law rests on a policy of protecting consumers from mistake and deception.").
- [4] Unlike other intellectual property doctrines, which derive explicitly from the Copyright and Patent Clause of the Constitution, trademark law has no direct constitutional basis. *Trade-Mark Cases*, 100 U.S. 82 (1879). Therefore Congress used its commerce clause powers to implement federal trademark protection. U.S. Const. art. 1, § 8, cl. 3, 8.
- [5] 1 *McCarthy*, *supra* note 2, § 2:12.
- [6] See *Moseley v. V Secret Catalogue Inc.*, 537 U.S. 418 (2003).
- [7] See 2 ANNE GILSON LALONDE ET AL., *GILSON ON TRADEMARKS* §5A.01[2](2007) [herein- after *GILSON*] ("Proof of likelihood of confusion the sine qua non of trademark infringement, is not required in a dilution action.") (emphasis in original).
- [8] Jeremy M. Roe, *The Current State of Antidilution Law: The Trademark Dilution Revision Act and the Identical Mark Presumption*, 57 *DePaul L. Rev.* 571 (2008). Available at: <https://via.library.depaul.edu/law-review/vol57/iss2/16>
- [9] 1 *McCarthy*, *supra* note 2 §215. See *White Tower Sys., Inc. v. White Castle Sys., Inc.*, 90 F.2d 67, 69 (6th Cir. 1937) ("Good will may be defined as the favorable consideration shown by the purchasing public to goods known to emanate from a particular source.")
- [10] *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525, at *6 (W.D. Ky. Feb. 9, 2000) (holding in favor of the plaintiff based on dilution by tarnishment) *aff'd* 259 F.3d 464, 476-77 (6th Cir. 2001) (affirming after finding dilution by tarnishment and blurring), *rev'd* 537 U.S. 418 (2003).
- [11] See 15 U.S.C. § 1125(c). LII [https://www.law.cornell.edu/wex/dilution \(trademark\)](https://www.law.cornell.edu/wex/dilution%20(trademark)) Wex US Law LII/ Legal Information Institute
- [12] See J. Thomas McCarthy, *The Human Persona as Commercial Property: The Right of Publicity*, 19 *COLUM.-VLA J.L. & ARTS* 129 (1995), 312. See 17 U.S.C. § 106A (2000). International law offers a much broader scope of moral rights coverage. See *Berne Convention for the Protection of Literary and Artistic Works*, Article 6bis, Sept. 9, 1886, available at http://www.wipo.int/treaties/en/ip/berne/pdf/trtdocs_wo001.pdf (last visited Sept. 22, 2007).